

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301  
Indianapolis, IN 46204  
(317) 233-0696  
<http://www.in.gov/legislative>

**FISCAL IMPACT STATEMENT**

**LS 7072**

**BILL NUMBER:** HB 1346

**NOTE PREPARED:** Jan 28, 2013

**BILL AMENDED:**

**SUBJECT:** Art Therapy.

**FIRST AUTHOR:** Rep. Stemler

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:** X GENERAL  
X DEDICATED  
X FEDERAL

**IMPACT:** State & Local

**Summary of Legislation:** *Medicaid Reimbursement-* The bill provides that art therapy services provided to an individual in a community mental health center are reimbursable under Medicaid.

*Licensure of Art Therapists-* The bill provides for the licensure of professional art therapists by an art therapy board through the Professional Licensing Agency. The bill establishes qualifications and requirements for a licensed professional art therapist.

*Class A Misdemeanor-* The bill makes it a Class A misdemeanor to practice as an art therapist without a license.

*Conforming Changes-* The bill also makes conforming changes.

**Effective Date:** July 1, 2013.

**Explanation of State Expenditures:** *Licensure of Art Therapists-* This provision would add two additional members to the Behavioral Health and Human Services Board and create the Professional Art Therapist Section of the Board. Assuming the Board meets a similar number of times per year as in recent years, the cost to the state for two additional board members and cost to administrate art therapist licenses is estimated at \$2,135 annually. The license would be valid for two years. If a license is granted during the middle of the renewal period, the license would be valid for the remainder of the renewal period in effect on the date the license was issued.

*Medicaid Reimbursement Provision-* The bill adds art therapy services provided by a licensed art therapist to patients of community mental health centers to the State Plan services that are required to be provided to Medicaid eligibles. The bill would require the Office of Medicaid Policy and Planning (OMPP) to apply for a Medicaid State Plan amendment. Generally, administrative work required to submit a State Plan amendment is considered to be achievable within the available resources of the OMPP. The fiscal impact of this provision would depend on the approval of the specified services by the Centers for Medicare and Medicaid Services (CMS). It is not known at this time if art therapy services are currently reimbursed by Medicaid as a component of activity therapy within inpatient treatment or partial hospitalization programs or if art therapy would be a new service. [Information has been requested and will be provided when it is available from the Agency.]

*Additional Information:* While the bill limits the service to only patients of a community mental health center, it is not clear how CMS would respond to a State Plan amendment for the service with the limitation outside the definition of activity therapy. Currently, art therapy is included in the federal definition for “activity therapy which includes music, dance, art, or play therapies, not for recreation, related to a patient’s disabling mental health problems”. Activity therapies are components of partial hospitalization programs because it is the policy of CMS that activity therapy should only be used within the context of a structured and intensive treatment program such as inpatient treatment or partial hospitalization. Community mental health centers are required to include partial hospitalization treatment programs as a component in order to be certified by the Department of Mental Health and Addiction (DMHA).

Medicaid and CHIP are jointly funded by the state and federal governments. The effective state share of Medicaid program expenditures is approximately 33% for most services and approximately 23% for the CHIP program. Medicaid and CHIP medical services are matched by the effective federal match rate (FMAP) in Indiana at approximately 67% and 77%, respectively. Administrative expenditures with certain exceptions are matched at the federal rate of 50%.

**Explanation of State Revenues:** *Licensure of Art Therapists-* Based on the above cost estimate of \$2,135 and an assumption that approximately 67 persons would seek therapist licensure within the first year of implementation of the license, a biannual fee of \$64 would be required to process 67 new licenses under the bill in order to break even. The count includes the number of persons in Indiana with a current credential from the Art Therapy Credentials Board, Inc. (ATCB) and approximately 5% of the number of ATCB credentialed therapists in the four border states to Indiana that may seek a therapist position in Indiana as a result of this bill. This estimate does not include art therapist *associate* licenses as the number of initial licenses of this type that are requested biannually is expected to be minimal.

*Class A Misdemeanor-* Any person that knowingly or intentionally practices professional art therapy without holding a license or permit issued by the Board would commit a Class A misdemeanor. If additional court cases occur and fines are collected, revenue to both the Common School Fund (from fines) and the state General Fund (from court fees) would increase. The maximum fine for a Class A misdemeanor is \$5,000. However, any additional revenue would likely be small.

*Background Information-* The Art Therapy Credentials Board, Inc. is a private organization based in Greensboro, North Carolina, that offers registration credentialing in art therapy. Requirements for registration as an art therapist with the ATCB include the completion of a master’s degree that includes an art therapy core.

There are currently 32 persons with a registration from the ATCB located in Indiana. Individualized data on the employment of persons practicing art therapy with the Bureau of Labor Statistics is not available.

**Explanation of Local Expenditures:** *Class A Misdemeanor*- A Class A misdemeanor is punishable by up to one year in jail.

**Explanation of Local Revenues:** *Class A Misdemeanor*- If additional court actions occur and a guilty verdict is entered, local governments would receive revenue from court fees. However, any change in revenue would likely be small.

**State Agencies Affected:** Professional Licensing Agency, Behavioral Health and Human Services Board.

**Local Agencies Affected:** Trial courts, local law enforcement agencies.

**Information Sources:** Art Therapy Credentials Board Inc. website: [www.atcb.org](http://www.atcb.org).

**Fiscal Analyst:** Chris Baker, 317-232-9851; Kathy Norris 317-234-1360.